(24,593)

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1915.

No. 376.

AMERICAN WELL WORKS COMPANY, PLAINTIFF IN ERROR,

vs.

LAYNE AND BOWLER COMPANY AND MAHLON E. LAYNE.

IN ERROR TO THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF ARKANSAS.

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JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., JANUARY 20, 1916.

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a *Transcript of Record on Writ of Error to the District Court of the United States for the Western Division of the Eastern District of Arkansas*

In the Case of

AMERICAN WELL WORKS COMPANY, Plaintiff in Error,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants in Error.

Manning and Emerson, attorneys for plaintiff in error.
Moore, Smith and Moore, and Andrews, Ball and Streetman, attorneys for defendants in error.

1 UNITED STATES OF AMERICA, *ss:*

The President of the United States to the Honorable the Judges of the District Court of the United States for the Western Division of the Eastern District of Arkansas, Greeting:

Because, in the record and proceedings, as also in the rendition of the judgment of a plea which is in the said District Court, before you, at the April Term A. D. 1913 thereof, between American Well Works Company, Plaintiff, and Layne and Bowler Company and M. E. Layne, Defendants, a manifest error hath happened, to the great damage of the said American Well Works Company, as by its complaint appears, we being willing that error, if any hath been, should be duly corrected, and full and speedy justice done to the parties aforesaid in this behalf, do command you, if judgment be therein given, that then, under your seal, distinctly and openly, you send the record and proceedings aforesaid, with all things concerning the same, to the United States Supreme Court, together with this writ, so that you have the record and proceedings aforesaid, at the City of Washington, D. C., and filed in the Office of the Clerk of the United States Supreme Court on or before the 25th day of March, 1915, to the end that the record and proceedings aforesaid being inspected, the United States Supreme Court may cause further to be done therein to correct that error, what of right, and according to the laws and customs of the United States, should be done.

Witness the Honorable Edward D. White, Chief Justice of
2 the Supreme Court of the United States, this twenty-third day of February in the year of our Lord, one thousand nine hundred and fifteen.

Issued at office in the City of Little Rock, with the seal of the

District Court of the United States for the Western Division of the Eastern District of Arkansas, dated as aforesaid.

[The Seal of the District Court, Western Division, East. Dist. Ark.]

SID. B. REDDING,
Clerk of the District Court of the United States for the Eastern District of Arkansas.

Allowed by

JACOB TRIEBER,
Judge United States District Court, Eastern District of Arkansas.

Return to Writ.

UNITED STATES OF AMERICA,
Eastern District of Arkansas, Western Division:

In obedience to the command of the within writ, I herewith transmit to the United States Supreme Court, a duly certified transcript of the record and proceedings in the within entitled case, with all things concerning the same.

In witness whereof, I hereto subscribe my name, and affix the seal of said District Court, at office in the City of Little Rock, this the 25th day of February, A. D. 1915.

[The Seal of the District Court, Western Division, East. Dist. Ark.]

SID. B. REDDING,
Clerk of said Court.

3 *Marshal's Return.*

UNITED STATES OF AMERICA,
Eastern District of Arkansas:

LITTLE ROCK, ARKANSAS, February 25th, 1915.

I hereby certify that I have served the within writ, being a Writ of Error, on Layne and Bowler Company and M. E. Layne, by delivering a true and correct copy into the hands of the J. M. Moore, Attorney of record, at Little Rock, Arkansas, on this the 25th day of February, A. D., 1915.

(Signed) A. J. WALLS,
United States Marshal,
By C. S. HARLEY, *Deputy.*

Endorsed: Returned and filed February 25th, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

4 In the District Court of the United States for the Western Division of the Eastern District of Arkansas.

Be it remembered, that on the sixth day of May, in the year of our Lord one thousand nine hundred and thirteen, came into the office of the Clerk of the District Court of the United States for the Western Division of the Eastern District of Arkansas, Layne and Bowler Company and M. E. Layne, by Moore, Smith and Moore and Andrews, Ball and Streetman, Esqs., their attorneys, and filed therein on the Law Side of said Court, their transcript of the record and proceedings in the Circuit Court of Arkansas County, Arkansas, in the case of American Well Works Company against Layne and Bowler Company and M. E. Layne, which transcript is in words and figures as follows, to-wit:

In the Circuit Court of Arkansas County, Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Complaint at Law.

Plaintiff states that it is a corporation organized and existing as such under the laws of the State of Illinois, and has complied with the laws of the State of Arkansas relative to foreign corporations transacting business in the State of Arkansas; that defendant
5 company is a corporation organized and existing as such under the laws of the State of Texas, and has offices and place of business, and Clerks and Managers in charge thereof in Arkansas County, State of Arkansas.

Plaintiff for its complaint and cause of action against defendants states that it is engaged in the business of manufacturing and selling well pumps; that it owns, manufactures and sells a certain well pump, known as the "American Deep Well Centrifugal Turbine Pump," and has patent, or has applied for patent from the United States Government, for said pump and all attachments and component parts thereof, and is and has been for many months past engaged in selling said pumps in the State of Arkansas and other States; that its business in owning, manufacturing, and selling said pumps, and in all attachments thereto and parts thereof, is legitimate and lawful in every respect, and is not an infringement and trespass upon the rights, property, patents, application for patents of defendants, or any other persons or corporations, and that defendants or either of them, do not own the aforesaid pump, or any of the attachments thereto or component parts thereof, nor the patent for same, nor have they applied for patents for same; that to carry on its business in manufacturing and selling said pumps, plaintiff has incurred great expense, and especially so in selling and offering for sale its said pumps

in the State of Arkansas and elsewhere; that its said pump, attachments thereto, and component parts thereof, have been well advertised in the State of Arkansas, and elsewhere; and are favor-
6 ably known and regarded by the public as being the best and highest grade standard pump on the market.

Plaintiff further states that defendants are also engaged in selling well pumps, and that while defendants have full knowledge that plaintiff's pumps, or any attachment thereto or component part thereof, are not infringements in any degree whatever upon said pumps of defendants, or any attachment or part thereof, yet defendants have falsely and maliciously libeled and slandered plaintiff's title to said pump and certain attachments and component parts thereof, by asserting and stating that plaintiff's pump and certain attachments and parts thereof are infringements upon defendant's pump and certain attachments and parts thereof, all without probable cause; and, without probable cause or grounds therefor, have brought suits against certain parties who are using plaintiff's pumps, and are threatening to bring suits against any and all other parties who are using or contemplating using plaintiff's said pumps, for the purpose of collecting damages from said parties and involving them in litigation, and threatening to restrain them by proceedings in the Courts for using said pumps.

Plaintiff further alleges that defendant Layne and defendant Layne and Bowler Company, through defendant Layne, its president, and other authorized agents and employees, have stated to divers, various and sundry persons that "The American (meaning and referring to plaintiff's pump above mentioned) is an infringement upon defendant's pump, and we will sue them if they sell you
7 their pump, and sue you if you use the same"; and that said defendant Layne, and defendant company, through its president, said Layne, and other authorized agents and employees, maliciously stated to divers, sundry and various parties: "We know all about how they are making them (meaning and referring to plaintiff's pump, attachments thereto and component parts thereof). They are just trying to evade our patent and they cannot do it"; and further stated: "They (meaning and referring to plaintiff and its said pump, attachments, and component parts thereof) are infringing my patents."

Plaintiff alleges that all of said statements are made without probable cause or grounds therefor, and are done maliciously and with the full intent and purpose of injuring and damaging plaintiff in its business and in preventing plaintiff from selling its said pumps, and that said statements were so made and said suits brought and threatened to be brought to and against persons who were contemplating and negotiating for the purchase of plaintiff's said pumps, and who would, but for said false, libelous and malicious statements have purchased pumps from plaintiff, and that by reason of said false, libelous and malicious statements plaintiff has been greatly damaged in its business and injured in its reputation as a manufacturer and dealer in said pumps, and that said persons to whom said false, libelous and

malicious statements were made, by reason thereof, have not and will not purchase plaintiff's said pumps.

Plaintiff states that it makes a good and reasonable profit upon the sale of each one of said pumps, and that by reason of said false, libelous and slanderous statements, made as herein alleged and set forth, defendants have damaged plaintiffs in the actual sum of Fifty Thousand Dollars ($50,000.00), and that also by reason thereof plaintiff is entitled to recover of defendants the sum of Fifty Thousand Dollars ($50,000.00) as punitive damages, and it therefore prays judgment against the defendants for the sum of One Hundred Thousand Dollars ($100,000.00), for the costs of this suit, and for all other sums to which it may be entitled in the premises.

8

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

Complaint filed December 12th, 1912.

Summons—Action by Ordinary Proceedings.

State of Arkansas to the Sheriff of Arkansas County:

You are hereby commanded to summon Layne and Bowler Company and Mahlon E. Layne to answer on the first day of the next April Term of the Arkansas County Circuit Court, a complaint filed against them in said Court by American Well Works Company, and warn them that upon their failure to answer the complaint will be taken for confessed: and you will make due return of the summons on the first day of the next April Term of said Court, which will be on the 7th day of April, 1913.

Witness my hand and the seal of said Court this 12th day of December, 1912.

(Signed) J. W. BURNETT, *Clerk.*

Endorsed on bank of summons: No. 19. Summons—Action for ordinary proceedings. American Well Works Co., vs. Layne and Bowler Co., et al.

9

STATE OF ARKANSAS,
County of Arkansas, ss:

I have this 13th day of December, 1912, duly served the within by delivering a copy and stating the substance thereof to the within named Layne and Bowler Co. I could not find the within named Mahlon E. Layne as I am herein commanded.

(Signed) E. B. LA FARGUE, *Sheriff,*
By T. D. LA FARGUE, *D. S.*

Filed in my office this 14th day of December, 1912.

(Signed) J. W. BURNETT, *Clerk.*

In the Circuit Court of Arkansas County, State of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY et al., Defendants.

The plaintiff is notified that on Monday, April 7th, 1913, the defendants will file and present a petition in the Circuit Court of Arkansas County for the removal of said cause to the United States District Court for the Western Division of the Eastern District of Arkansas.

Service acknowledged the 3rd day of April, 1913.

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

Filed April 7th, 1913.

10 In the Circuit Court of Arkansas County, State of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY et al., Defendants.

To the Judge of the Circuit Court of Arkansas, County of Arkansas:

Your petitioners, Layne and Bowler Company, a corporation, and Mahlon E. Layne, respectfully show to this Court, that the matter and amounts in dispute in the above entitled suit exceed, exclusive of interest and costs, the sum of Three Thousand Dollars ($3,000.00), and that said suit is of a civil nature; that the defendant, Layne and Bowler Company, in the above entitled and numbered cause, and one of the petitioners herein, is a corporation chartered, organized and existing under the laws of the State of Texas, and has its principal office in the City of Houston, in Harris County, State of Texas, and was at the time of the commencement of this suit, and still is a citizen and resident of the State of Texas. That the defendant, Mahlon E. Layne, one of the petitioners herein, who appears for the purpose of obtaining an order of removal as herein prayed, and for no other purpose, was at the time of the commencement of this suit, and still is a citizen of the State of Texas, and of no other State, residing at Houston, in Harris County, Texas. That the suit herein is of a civil nature at law arising under the Constitution and laws of the United States, and especially is a suit arising under and in-

11 volving the patent laws of the United States.

Petitioners show that the controversy herein arises from the following facts: The above entitled and numbered cause is a suit filed in the Circuit Court of Arkansas County, Arkansas, by the plaintiff, American Well Works Company, a corporation duly created, chartered and existing under the laws of the State of Illinois, against the defendants, and petitioners herein, Layne and Bowler Company and Mahlon E. Layne seeking to recover judgment against

the said Layne and Bowler Company and Mahlon E. Layne for slander and slanderous statements and for libel and libelous publication alleged to have been made by the said Mahlon E. Layne individually and acting for and on behalf of said Layne and Bowler Company in the sum of One Hundred Thousand Dollars ($100,000.00).

The plaintiff, American Well Works Company, alleges in its petition:

That it owns, makes, manufactures, and sells a certain well pump known as the "American Deep Well Centrifugal Turbine Pump," and that it has a patent, or has applied for patent, from the United States Government for said pump and all attachments and component parts thereof, and is, and has been for many months past engaged in selling said pumps in the State of Arkansas, and other States; that its business in owning, manufacturing and selling said pumps and all attachments thereto and parts thereof is legitimate and lawful in every respect, and is not an infringement and trespass upon the rights, property, patents, application for patents of
12 defendants or any other persons or corporations, and that defendants or either of them do not own the aforesaid pump or any of the attachments thereto or component parts thereof, nor the patent for same, nor have they applied for patent for same."

By its petition plaintiff further alleges:

"Plaintiff further states that defendants are also engaged in selling well pumps, and that while defendants have full knowledge that plaintiff's pumps or any attachment thereto or component part thereof are not infringements in any degree whatever upon said pumps of defendants or any attachments or part thereof, yet defendants have falsely and maliciously libeled and slandered plaintiff's title to said pump and certain attachments and component parts thereof by asserting and stating that plaintiff's pump and certain attachments and parts thereof are infringements of defendant's patents."

By its petition plaintiff further alleges that:

"Defendant, Layne, and defendant, Layne and Bowler Company, through defendant Layne, its president, and its other authorized employees and agents, have stated to divers, various and sundry persons that the "American (meaning and referring to plaintiff's pump above mentioned) is an infringement upon defendant's pump, and we will sue them if they sell you their pump, and sue you if you use the same," and that said defendant, Layne, and defendant Company, through its president, said Layne, and its other authorized agents and employees, maliciously stated to divers, various and sundry parties "we know all about how they are making them
13 (meaning and referring to plaintiff's pump, attachments thereto and component parts thereof); they are just trying to evade our patent, and they cannot do it," and further stated, "they (meaning and referring to plaintiff and its said pump attachments and component parts thereof) are infringing my (Layne's) patents."

That the above averments affirmatively appear from the plaintiff's petition herein, and a copy of plaintiff's petition attached hereto,

marked "Exhibit A" and asked to be made a part hereof for all intents and purposes as if fully set out.

Petitioners further aver and show to the Court that the above suit is predicated upon the fact that the pumps and mechanisms attached thereto of the plaintiff, American Well Works Company, do not constitute an infringement of the Layne patents and pumping mechanisms; that it will be necessary for the Court to pass upon the question of whether the pumps and mechanisms of the plaintiff, the American Well Works Company constitute an infringement of the Layne patents; that the question of whether the pumps and pump mechanism of the plaintiff, American Well Works Company, infringe the Layne patents is the material and vital question to be passed upon in said case; that if the Layne patents are infringed by the pumps and mechanisms of the plaintiff, American Well Works Company, such fact will constitute a complete defense to the suit of the plaintiff. Therefore the above entitled and numbered suit is one arising under the patent laws of the United States and is a case in which the Court will have to construe, pass upon and apply the patent laws of the United States as to what constitutes in-
14 fringement and as to whether the Layne patents are infringed by the pumps and well mechanisms of the plaintiff, American Well Works Company. That the District Courts of the United States are expressly given jurisdiction, and to the exclusion of the State Court, of the matters and things involved in this suit, and of suits arising under the patent laws of the United States by paragraph seven of Section twenty-four, and also by Section forty-eight of the Act of Congress of March 3rd, 1911, known as the Judicial Code (United States Statutes at Large, Vol. 36, page 1087, chapter 231, entitled "An Act to Codify, Revise, and Amend the Laws Relating to the Judiciary").

For a further ground of removal, your petitioners, Layne and Bowler Company, a corporation, and Mahlon E. Layne, show to this Honorable Court that they are defendants in the above entitled and numbered suit, which is of a civil nature, and that the matter and amount in dispute in this cause exceeds the sum or value of Three Thousand Dollars ($3,000.00), exclusive of interest and costs, and that the controversy herein is between citizens of different states; that the plaintiff, American Well Works Company, is a corporation organized, chartered and existing under the laws of the State of Illinois, and has its principal office in the City of Aurora, State of Illinois, and was at the time of the commencement of this suit, and still is a resident and citizen of the State of Illinois, and petitioner, Layne and Bowler Company, one of the defendants in the above entitled suit, is a corporation duly chartered, organized and
15 existing under the laws of the State of Texas, and having its principal office in the City of Houston, in said State of Texas, and was at the time of the commencement of this suit and still is a citizen and resident of the State of Texas; and that your petitioner, Mahlon E. Layne, was at the commencement of this suit, and still is, a citizen and resident of the State of Texas, and of no other State, residing in the City of Houston in said State of Texas.

Your petitioners further aver that neither of them at the commencement of this suit, at the present time or at any other time were, or are, residents of the State of Arkansas where this suit is pending.

Your petitioners desire to remove this suit before the trial thereof to the United States District Court for the Eastern District of Arkansas, Western Division thereof, to be held at Little Rock, Arkansas.

And your petitioners offer herewith good and sufficient surety for their entering in the District Court of the United States for the Eastern District of Arkansas, Western Division, to be held at Little Rock, Arkansas, within thirty days from the date of the filing of their petition for removal, a certified copy of the record in this suit, and for paying all costs that may be awarded by the said District Court of the United States for the Eastern District of Arkansas, Western Division, if said Court shall hold that this suit was wrongfully and improperly removed thereto.

And your petitioners further pray that the said surety and bond may be accepted, and that this said suit may be removed to the District Court of the United States to be held in the Eastern
16 District of Arkansas, Western Division thereof at Little Rock, Arkansas, pursuant to the statutes of the United States in such case made and provided, and that no further proceedings may be had herein in this Court, and as in duty bound petitioners will ever pray.

(Signed) LAYNE AND BOWLER COMPANY,
By M. E. LAYNE, *President.*

MOORE, SMITH AND MOORE,
ANDREWS, BALL AND STREETMAN,
Attorneys for Layne and Bowler Co. and M. E. Layne.

STATE OF ARKANSAS,
County of Pulaski, ss:

Before me, the undersigned authority, on this day personally appeared Mahlon E. Layne, to me well known, who being by me duly sworn deposes and says that he is one of the petitioners in the above and foregoing petition, and that he is president of Layne and Bowler Company, a corporation, one of the petitioners in the above petition, and as such is authorized to make this affidavit both for himself and for and on behalf of Layne and Bowler Company, a corporation; that the foregoing petition is true to the best of his knowledge, except as to those matters stated on information and belief, and as to those matters he believes them to be true.

(Signed) M. E. LAYNE.

Subscribed and sworn to before me by M. E. Layne this 2nd day of April, A. D. 1913.

[SEAL.] (Signed) JOHN M. ROSE, JR.,
Notary Public.

My Commission expires May 8th, 1916.
Filed April 7th, 1913.

2—376

17 In the Circuit Court of Arkansas, County of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY et al., Defendants.

Bond for Removal.

Know all men by these presents: That we, Layne and Bowler Company, a corporation duly created and existing under the laws of the State of Texas, acting herein by M. E. Layne, its president hereunto duly authorized, and M. E. Layne, individually, as principals, and United States Fidelity and Guaranty Company, of Baltimore, Md., as surety, are holden and stand firmly bound unto American Well Works Company in the penal sum of Five Hundred Dollaes ($500.00) for the payment whereof well and truly to be made unto the said American Well Works Company, its successors, heirs, and assigns, we bind ourselves, our successors, assigns, heirs, and representatives jointly and severally by these presents; upon the condition nevertheless that,

Whereas, the said Layne and Bowler Company and M. E. Layne have filed their petition in the Circuit Court of Arkansas, County of Arkansas, for the removal of a certain cause therein pending, wherein the said American Well Works Company is plaintiff and the said Layne and Bowler Company and M. E. Layne are defendants to the District Court of the United States in and for the Eastern District of Arkansas, Western Division, at Little Rock, Arkansas.

Now, if the said Layne and Bowler Company and M. E.
18 Layne shall enter in the said District Court of the United States for the Eastern District of Arkansas, Western Division thereof, within thirty days from the date of filing said petition a certified copy of the record in such suit, and shall well and truly pay all costs that may be awarded by said District Court of the United States, if said Court should hold that said suit was wrongfully and improperly removed thereto, then this obligation shall be void, otherwise it shall remain in full force and effect.

In witness whereof the said Layne and Bowler Company, acting by M. E. Layne, its president, and the said M. E. Layne, individually, as principals, and United States Fidelity and Guaranty Company of Baltimore, Md., as surety, have hereunto set our hands this 3rd day of March, A. D. 1913.

(Signed) LAYNE AND BOWLER CO.,
By M. E. LAYNE, *President.*
[SEAL.] THE UNITED STATES FIDELITY & GUARANTY CO.,
By SAM W. REYBURN AND
D. H. CANTRELL, *Attorneys in Fact.*

Filed April 7th, 1913.

STATE OF ARKANSAS,
County of Arkansas, Southern District, ss:

Be it remembered that at a Circuit Court begun and holden at the Court House in the Town of De Witt, in said State and County, on Monday the seventh day of April, 1913, the same being the time and place prescribed by law for opening and holding said Court; present and presiding the Honorable Eugene Lankford, Judge
19 of the 17th Judicial Circuit, E. B. La Fargue, Sheriff of Arkansas County, and J. W. Burnett, Clerk of said Court, when Court was proclaimed open in due form of law, and the following proceedings were had, to-wit:

No. 19.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and MAHLON E. LAYNE, Defendants.

On this day come the defendants and by leave of the Court filed herein their motion and bond for removal of this cause to the Federal Court.

No. 19.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY et al., Defendants.

Order of Removal.

The defendants herein, Layne and Bowler Company and Mahlon E. Layne, having within the time provided by law filed their petition for removal of this cause to the District Court of the United States for the Eastern District of Arkansas, Western Division, at Little Rock, and having at the same time offered their bond in the sum of Five Hundred Dollars ($500.00) with the United States Fidelity and Guaranty Company of Baltimore, Md., good and sufficient surety pursuant to the statute and conditioned according to law:

Now, therefore, this Court does hereby accept and approve said bond and accepts said petition, and does hereby order that this cause be removed for trial to the District Court of the United States
20 for the Eastern District of Arkansas, Western Division, at Little Rock, pursuant to the statute of the United States, and that all other proceedings of this Court be stayed, to which ruling of the Court the plaintiff excepted, and asked that his exception be noted of record, which is accordingly done.

Fee Bill.

J. W. Burnett, Clerk ($11.00 paid by plaintiff)	$3.45
E. B. La Fargue, Sheriff (Paid by J. W. Burnett, Clerk)	3.00
J. W. Burnett, this transcript	2.00

STATE OF ARKANSAS,
County of Arkansas, Southern District, ss:

I, J. W. Burnett, Clerk of the Circuit Court within and for the County and District aforesaid, hereby certify the above and foregoing to be a full, true and correct copy of the records and the whole thereof in the above entitled suit, heretofore pending in said Circuit Court, wherein the American Well Works Company is plaintiff, and the Layne and Bowler Company and Mahlon E. Layne are defendants, said record consisting of: the complaint filed by said plaintiff in said suit on the 12th day of December, 1912, the summons and return thereon, filed in said suit on the 14th day of December, 1912, the notice served by the defendants on the plaintiff of the filing of a petition in said suit for the removal of said suit to the United States District Court for the Western Division of the Eastern District of Arkansas, and the acknowledgment of service thereon, filed
21 in said suit on the 7th day of April, 1913; the petition for removal of the said suit to the United States District Court for the Western Division of the Eastern District of Arkansas filed by said defendants in said suit on the 7th day of April, 1913, the bond for removal of said suit to said United States District Court, filed by said defendants with said petition on the 7th day of April, 1913, and the order of removal of said suit to the said United States District Court for the Western Division of the Eastern District of Arkansas, entered of record in said suit on the 7th day of April, 1913, all as appears in *in* the files and of record in my office.

In testimony whereof, I have hereunto set my hand and affixed the seal of said Court this 5th day of May, 1913.

[SEAL.] (Signed) J. W. BURNETT, *Clerk.*

Endorsed: Filed May 6th, 1913. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

22 UNITED STATES OF AMERICA,
Eastern District of Arkansas, Western Division:

Be it remembered, that at a District Court of the United States of America, in and for the Western Division of the Eastern District of Arkansas, begun and holden on Monday, the Seventh day of April Anno Domini, One Thousand, Nine Hundred and Thirteen at the United States Court Room, in the City of Little Rock, Arkansas, the Honorable Jacob Trieber Judge presiding and holding said Court, the following proceedings were had, to-wit: On June 2nd, 1913:

No. 5667.

AMERICAN WELL WORKS COMPANY
vs.
LAYNE AND BOWLER Co. et al.

Come the defendants, by Moore, Smith and Moore, Esqs., their attorneys, and file herein their motion to make the complaint more specific.

Which Motion to make the Complaint more specific is as follows:

In the United States District Court for the Western Division of the Eastern District of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY et al., Defendants.

Comes the defendant, Layne and Bowler Company, and shows to the court that the allegations contained in said complaint are uncertain and defective, in that they do not set out the number and description of the patent which it is alleged that plaintiff owns or has applied for from the United States Government, by number
23 or otherwise, so that said patent can be identified.

That it does not state or describe what attachments or parts of plaintiff's pump defendant is alleged to have stated to have been an infringement upon its pump, or attachments or parts thereof.

That it does not state what employees or agents of said defendant, other than the said M. E. Layne, made the alleged statements to various and sundry persons that plaintiff's pump was an infringement upon defendants' pump, and that defendant would sue plaintiff if they sell their pump, and "sue you if you use the same," and other statements alleged to have been made by defendant's agents or employees.

That it does not state or show to whom said statements were made, nor the time, place or circumstances under which the same were made, nor the number of persons to whom said statements were made.

That it does not state or allege the parties against whom suits are alleged to have been brought by this defendant for using plaintiff's pump, or in what Court these suits were brought or are pending, nor the parties to whom and the time, place and circumstances under which threats alleged to have been made by defendant to bring suit against all parties who are using or contemplating using plaintiff's pump were made.

Said defendants represent that it is essential to the proper preparation of its defense to said action that it should have the information, and said complaint should set out and allege that above matter with sufficient certainty to enable defendant to inform itself and to answer in regard thereto.

Wherefore defendant prays that plaintiff be required to
24 make its complaint more specific in the particulars hereinbefore set out.

(Signed) MOORE, SMITH & MOORE,
Attorneys for Defendants.

Endorsed: Filed June 2nd, 1913. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

And on June 14th, 1913, the following proceedings were had, to-wit:

No. 5667.

AMERICAN WELL WORKS COMPANY
vs.
LAYNE AND BOWLER COMPANY et al.

Comes the plaintiff, by Manning and Emerson, Esqs., its attorneys, and files herein its motion to remand this cause to the State Court. Which Motion to Remand is as follows:

In the District Court of the United States for the Western Division of the Eastern District of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and MAHLON E. LAYNE, Defendants.

Motion to Remand.

Comes the plaintiff, American Well Works Company, and pleads to the jurisdiction of the Court, and for grounds states:
25 That plaintiff is a citizen and resident of the State of Illinois, and was such at the time this suit was instituted; that the defendants are each citizens and residents of the State of Texas, and were such at the time this action was commenced in the State Court; that because of the said citizenship, and residence of plaintiff and defendants this Court is without jurisdiction.

Wherefore, plaintiff prays that this cause be remanded to the Circuit Court of Arkansas County, State of Arkansas, for proceedings therein according to law; and that plaintiff have judgment herein for all costs to which it is entitled.

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

M. J. Manning, being duly sworn, upon his oath states that he is one of counsel for plaintiff, in the case of American Well Wworks Company vs. Layne and Bowler Company and M. E. Layne; that plaintiff is absent from the State of Arkansas; and that the matters

and things stated in the foregoing motion to remand are true, as he verily believes.

(Signed) M. J. MANNING.

Subscribed and sworn to before me this 14th day of June, 1913.

(Signed) SID. B. REDDING, *Clerk*,
By W. P. FEILD, JR., *D. C.*

Endorsed: Filed June 14th, 1913. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

And on September 29th, 1913, the following proceedings
26 were had, to-wit:

No. 5667.

AMERICAN WELL WORKS COMPANY
vs.
LAYNE AND BOWLER COMPANY et al.

Comes the plaintiff, by Manning and Emerson, Esqs., its attorneys, and files herein its amendment to motion to remand this cause to the State Court.

Which Amendment to Motion to Remand is as follows:

In the United States District Court, Eastern District of Arkansas, Western Division.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and MAHLON E. LAYNE, Defendants.

Amendment to Motion to Remand.

Comes the plaintiff, American Well Works Company, and pleads to the jurisdiction of the Court, and for grounds states:

That plaintiff is a citizen and resident of the State of Illinois, and was such at the time this suit was instituted; that the defendants are each citizens and residents of the State of Texas, and were such at the time this action was commenced in the State Court; that because of the said citizenship and residence of plaintiff and defendants this Court is without jurisdiction.

That this action did not arise under the patent laws or any other laws of the United States, and does not involve the applica-
27 tion or construction of any of the laws of the United States or the Constitution thereof, and the pleadings on file in the cause so show, and this Court is, therefore, without jurisdiction, and plaintiff objects and excepts to the Court exercising jurisdiction in the cause or in any manner hearing the same or proceeding therewith.

Wherefore, plaintiff prays that this cause be remanded to the Circuit Court of Arkansas County, Arkansas, for proceedings therein according to law, and that plaintiff have judgment herein for all costs to which it is entitled.

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

Endorsed: Filed September 29th, 1913. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

And on October 13th, 1913, the following proceedings were had, to-wit:

No. 5667.

AMERICAN WELL WORKS COMPANY
vs.
LAYNE AND BOWLER COMPANY and MAHLON E. LAYNE.

Comes the plaintiff by Manning and Emerson, Esqs., its attorneys, and come the defendants by Moore, Smith and Moore, Esqs., their attorneys, and the motion of the plaintiff to remand and the amendment thereto now coming on to be heard, and the Court having heard argument of counsel thereon, and being well and sufficiently advised in the premises—

28 It is therefore ordered by the Court that the said motion to remand and the amendment thereto be, and the same is hereby, overruled.

And thereupon the Court of its own motion, orders that the complaint of the plaintiff herein be, and the same is hereby, dismissed for want of jurisdiction, the Court holding that the Circuit Court of Arkansas County, State of Arkansas, from which Court this cause was removed, was without jurisdiction.

To which ruling of the Court in overruling said motion to remand and amendment thereto, and in dismissing the complaint herein for want of jurisdiction, the plaintiff, by its said attorneys, excepted, and said exception is here noted of record.

And on November 25th, 1913, the following Certificate of the District Judge was filed:

In the District Court of the United States for the Western Division of the Eastern District of Arkansas.

AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Certificate.

29 This cause came on to be heard upon a motion and amendment thereto to remand the same to the State Circuit Court of Arkansas County, Arkansas.

Defendants, by petition to said State Circuit Court alleging that plaintiff's cause of action was one arising under the patent-right laws of the United States, procured a removal of the cause to this Court.

Plaintiff filed its motion and amendment thereto stating that both plaintiff and defendants were non-residents of the State of Arkansas, and that its cause of action did not arise under the patent-right laws of the United States and that for these reasons this Court was without jurisdiction and that said cause should be remanded to the State Circuit Court.

The Court, upon hearing said motion to remand, overruled same upon the ground that said cause involves the patent-right laws of the United States, as shown by the complaint of the plaintiff, and the Court then, of its own motion, dismissed the cause for want of jurisdiction, holding that the State Circuit Court of Arkansas County, Arkansas, from which the cause was removed, was without jurisdiction and that this Court, therefore, was without jurisdiction.

Now, therefore, it is certified that the question of jurisdiction of this Court, upon the grounds above states, viz: that plaintiff's cause of action arises under the patent-right laws of the United States and that the said Circuit Court had no jurisdiction and, therefore, this Court has no jurisdiction, is the only question of law upon the pleadings and process for the decision of the Supreme Court of the United States.

(Signed) JACOB TRIEBER,
30 *U. S. District Judge for the Eastern District of Arkansas.*

Endorsed: Filed November 25th, 1913. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

31 UNITED STATES OF AMERICA,
Eastern District of Arkansas, Western Division:

Be it remembered, That at a District Court of the United States of America, in and for the Western Division of the Eastern District of Arkansas, begun and holden on Monday, the 19th day of October Anno Domini, One Thousand, Nine Hundred and Fourteen, at the United States Court Room, in the City of Little Rock, Arkansas, the Honorable Jacob Trieber, Judge presiding and holding said

Court, the following proceedings were had, to-wit: on February 23rd, 1915:

No. 5667.

AMERICAN WELL WORKS COMPANY
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE.

Comes the plaintiff by Manning and Emerson, Esqs., its attorneys, and file herein its Assignment of Errors, and Petition for Writ of Error, which petition for writ of Error is allowed upon the execution of a bond in the sum of Five Hundred Dollars ($500.00) conditioned as required by law, said bond to be approved by the Judge of this Court. And said plaintiff thereupon files said bond which is examined by the Judge of this Court and approved as sufficient.

It is thereupon ordered that a Writ of Error issue herein to remove this cause to the Supreme Court of the United States to have reviewed the judgment heretofore entered herein.

Which Assignment of Errors is as follows:

32 In the United States District Court for the Western Division of the Eastern District of Arkansas.

THE AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Assignment of Errors.

The plaintiff in this action in connection with his petition for writ of error makes the following assignment of errors, which it avers exist:

1. That the Court erred in holding that the plaintiff's cause of action was one arising under the patent-right laws of the United States and for that reason overruling plaintiff's motion and amended motion to remand the cause to the State Circuit Court of Arkansas County, Arkansas.

2. That the Court erred in holding that the Circuit Court of Arkansas County, Arkansas, from which Court the cause was removed, was without jurisdiction and for that reason, of its own motion, dismissed the cause for want of jurisdiction.

Wherefore, plaintiff prays that the judgment of said District Court be reversed with directions to remand the cause to the State Circuit Court of Arkansas County, Arkansas.

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

Endorsed: Filed February 23rd, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

33 Which Petition for Writ of Error is as follows:

In the United States District Court for the Western Division of the Eastern District of Arkansas.

THE AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Petition for Writ of Error.

Now comes American Well Works Company, plaintiff herein, and says:

That on the 13th day of October, 1913, the District Court of the United States for the Western Division of the Eastern District of Arkansas entered a judgment herein in favor of the defendants and against this plaintiff in which judgment and the proceedings prior thereto in this cause, certain errors were committed to the prejudice of the plaintiff, all of which will more in detail appear from the Assignment of Errors which is filed with this petition.

Wherefore, this plaintiff prays that a Writ of Error may issue in this behalf out of the Supreme Court of the United States for the correction of errors so complained of; that a transcript of the record, proceedings and papers in this cause, duly authenticated, may be sent to the Supreme Court of the United States and that the judgment be reversed with directions to remand the cause to the State Circuit Court of Arkansas County, Arkansas.

(Signed) MANNING AND EMERSON.
Attorneys for Plaintiff.

34 Writ of Error allowed, returnable in thirty days, upon execution of a bond in the sum of Five Hundred Dollars, to be approved.

(Signed) JACOB TRIEBER, *Judge.*

Endorsed: Filed February 23rd, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

Which Bond is as follows:

In the United States District Court for the Western Division of the Eastern District of Arkansas.

THE AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Bond.

Know all men by these presents, That we, The American Well Works Company, as principal, and George W. Rogers, surety, are

held and firmly bound unto the above mentioned defendants in the full and just sum of Five Hundred Dollars ($500.00), to be paid to the said defendants, their attorneys, executors, administrators or assigns: to which payment well and truly to be made, we bind ourselves, our heirs, executors and administrators, jointly and severally by these presents. Sealed with our seals and dated this the 12th day of February, in the year of our Lord one thousand nine hundred and fifteen.

35 Whereas, lately at a District Court of the United States on the 13th day of October, 1913, in a suit depending in said Court, between the above named plaintiff and defendants a judgment was rendered against said plaintiff, and it having obtained a Writ of Error and filed a copy thereof in the Clerk's office of said Court to reverse the judgment in the aforesaid suit, and a Citation directed to the said defendants admonishing them to be and appear at a session of the Supreme Court of the United States to be holden at the City of Washington, District of Columbia, on the 25th day of March next.

Now, the condition of the above obligation is such that if the said plaintiff, The American Well Works Company, shall prosecute said Writ of Error to effect, and answer all damages and costs if it fails to make good its plea, then the above obligation to be void; else to remain in full force and virtue.

THE AMERICAN WELL WORKS CO.,
By M. T. CHAPMAN, *President.*
H. W. SPILLER, *Secretary.*
GEO. W. ROGERS.

Sealed and delivered in the presence of—
—— ——.

Approved:
(Signed) JACOB TRIEBER, *Judge.*

Endorsed: Filed February 23rd, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

36 In the District Court of the United States for the Western Division of the Eastern District of Arkansas.

THE AMERICAN WELL WORKS COMPANY, Plaintiff,
vs.
LAYNE AND BOWLER COMPANY and M. E. LAYNE, Defendants.

Notice of Election.

Comes the plaintiff, American Well Works Company, by its attorneys, Manning and Emerson, Esqs., and elects to have the Clerk of this Court prepare the transcript of the record and forward the

same to the Clerk of the Supreme Court of the United States to be by him printed under his supervision and the Rules of said Court.

(Signed) MANNING AND EMERSON,
Attorneys for Plaintiff.

Endorsed: Filed February 23rd, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

37 In the District Court of the United States for the Western Division of the Eastern District of Arkansas.

THE AMERICAN WELL WORKS COMPANY, Plaintiff in Error,
v.
LAYNE & BOWLER COMPANY and MAHLON E. LAYNE, Defendants in Error.

Citation.

United States of America to Layne & Bowler and Mahlon E. Layne, Greeting:

You are hereby cited and admonished to be and appear at the Supreme Court of United States to be holden at the city of Washington, District of Columbia, within thirty days from and after the date this citation bears date, pursuant to a writ of error filed in the clerk's office of the district court of the United States for the Western Division of the Eastern District of the state of Arkansas, wherein The American Well Works Company is plaintiff in error and you are defendants in error, to show cause, if any there be, why the judgment rendered against the said plaintiff in error as in the said writ of error mentioned should not be corrected, and reversed and speedy justice be done to the parties in that behalf.

Given under my hand at the city of Little Rock in the state of Arkansas in the district above mentioned this 23rd day of February, in the year of our Lord one thousand nine hundred and fifteen.

JACOB TRIEBER,
Judge of the District Court for the Western Division of the Eastern District of Arkansas.

38 *Marshal's Return.*

UNITED STATES OF AMERICA,
Eastern District of Arkansas:

LITTLE ROCK, ARKANSAS, February 25th, 1915.

I hereby certify that I have served the within writ, being a Citation, on Layne and Bowler Company and M. E. Layne, by delivering a true and correct copy into the hands of J. M. Moore, Attorney

of record, at Little Rock, Arkansas, on this 25th day of February, A. D. 1915.

(Signed) A. J. WALLS,
United States Marshal,
By C. S. HARLEY, *Deputy.*

Endorsed: Returned and filed February 25th, 1915. Sid. B. Redding, Clerk, by W. P. Feild, Jr., D. C.

39 UNITED STATES OF AMERICA,
Eastern District of Arkansas, Western Division:

I, Sid. B. Redding, Clerk of the District Court of the United States for the Eastern District of Arkansas, in the Eighth Circuit, hereby certify that the foregoing writings annexed to this certificate are true, correct and compared copies of the originals remaining of record in my office, at Little Rock, Arkansas, and constitute a true copy of the record, the Assignment of Errors and all proceedings in the case of The American Well Works Company, plaintiff, vs. Layne and Bowler Company and M. E. Layne, No. 5667—Law.

In witness whereof, I have hereunto set my hand and the seal of said Court, this 25th day of February, in the year of our Lord, One Thousand Nine Hundred and Fifteen and of the Independence of the United States of America, the One Hundred and Thirty-ninth.

[The Seal of the District Court, Western Division, Eastern District, Ark.]

Attest:

SID B. REDDING, *Clerk.*

Endorsed on cover: File No. 24,593. E. Arkansas D. C. U. S. Term No. 376. American Well Works Company, plaintiff in error, vs. Layne and Bowler Company and Mahlon E. Layne. Filed March 1st, 1915. File No. 24,593.

IN THE

Supreme Court of the United States

October Term, 1915.

No. 376.

AMERICAN WELL WORKS, PLAINTIFF IN ERROR,

v.

LAYNE & BOWLER COMPANY AND MARION T. LAYNE, DEFENDANTS IN ERROR.

IN ERROR TO THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF ARKANSAS.

BRIEF FOR PLAINTIFF IN ERROR.

DAVID A. GATES,

[illegible],

[illegible],

[illegible],

Attorneys for Plaintiff in Error.

IN THE

Supreme Court of the United States

October Term, 1915.

No. 376.

AMERICAN WELL WORKS, PLAINTIFF IN ERROR.

v.

LAYNE & BOWLER COMPANY AND MAHLON E. LAYNE, DEFENDANTS IN ERROR.

IN ERROR TO THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF ARKANSAS.

BRIEF FOR PLAINTIFF IN ERROR.

STATEMENT OF THE CASE.

Both plaintiff and defendants are, and have been for some years, engaged in the manufacture and sale of well pumps. In 1912 and prior thereto, each company was advertising and making special efforts to sell their respective pumps to the rice growers of Arkansas, and especially in Arkansas county, Arkansas. Plaintiff, both by advertisement and solicitation of its various salesmen, had gone to a great expense to establish a reputation for its pumps and to sell the same in the locality mentioned, its pump being known as the "American

Deep Well Centrifugal Turbine Pump." Defendants, who were the principal competitors of plaintiff, through their agents, officers and salesmen, stated publicly and otherwise, in the territory where plaintiff was selling and offering for sale its pumps, and to its customers and prospective customers, that plaintiff did not have the patent for the pumps it was selling, but that the patent for the same was owned by defendants; and that if the customers of plaintiff continued to use pumps they had bought from that company, and to prospective customers that if they should buy from that company, that the use of the pumps would be an infringement upon the rights of defendants and upon their patent, and that they would sue all such persons who might use plaintiff's pumps, and would also sue plaintiff, and would enjoin both plaintiff and such customers and prospective customers from the use of the same.

Defendants had offices in Arkansas county, Arkansas, and plaintiff instituted suit there, for damages on account of the statements made by defendants, alleging the same to be libelous and slanderous, and asked for actual and punitive damages in the sum of $100,000.

Defendants filed motion asking that the cause be removed to the United States District Court of the eastern district of Arkansas, upon the ground that both plaintiff and defendants were nonresidents of the State of Arkansas, and the further ground that the suit was one arising under the patent right laws of the United States. The motion was sustained by the State Circuit Court, and the cause was lodged with the United States District Court, and there plaintiff moved to remand to the State Circuit Court. Upon the hearing of this motion,

defendants abandoned their position that the cause should be removed because both parties were nonresidents of the State, and relied solely upon the ground that the suit was one arising under the patent right laws. The district court overruled the motion to remand, upon the ground that the suit did arise under the patent right laws, and then of its own motion dismissed the cause, holding that the State Circuit Court was without jurisdiction, and that the United States District Court therefore acquired no jurisdiction by removal. Plaintiff brought the cause here by writ of error and the district judge certified that the sole and only question involved was the jurisdiction of the United States District Court.

ABSTRACT.

Believing that an abstract of the printed record will be of some convenience to the court in passing upon the issue involved, the same will be made and set forth as follows:

COMPLAINT AT LAW.

On December 12, 1912, plaintiff filed its complaint against defendants in the Arkansas county, Arkansas Circuit Court, in which it alleged that it was the patentee, owner and manufacturer of the "American Deep Well Centrifugal Turbine Pump," and all attachments and component parts thereof, and had been engaged in selling the same for some months past in the State of Arkansas and other States; that its business in so doing was not an infringement upon any other patent, but was legitimate in every respect; that defendants did not own said pump, had no patent therefor, nor for any of the parts nor attachments of the same; that it had incurred great expense in

manufacturing and selling said pumps and offering the same for sale in said State and elsewhere; that the same had been thoroughly advertised and was favorably known and regarded by the public as the best standard pump on the market.

It also alleged that defendant was engaged in selling well pumps, that defendants well knew all the facts above stated, that plaintiff's pump was no infringement upon defendants' pumps or any component parts thereof or attachments thereto, and notwithstanding this knowledge, the defendants, falsely and maliciously libeled and slandered plaintiff's title to said pump and certain attachments thereto, and component parts thereof, and by stating that the use of same was an infringement upon defendants' rights under their patents. That without probable cause, defendants had brought suits against various parties who were using pumps which had been purchased from plaintiff and were threatening to bring suits against other parties who were using same or contemplating purchases thereof; and were also threatening to restrain such persons from using plaintiff's pumps by court proceedings. That defendant company, through its president and other authorized agents, and defendant Layne himself, and by authorized agents, were continuously repeating these statements and making these threats publicly and otherwise, and especially to plaintiff's customers and prospective customers. That the same was done maliciously and with the intent to injure and damage plaintiff in its business, and that many persons, who, but for such false and malicious statements, would have purchased plaintiff's pumps, were not doing so; and that by such false and slanderous statements relative to plaintiff's title to said pumps and its rights to manufacture and sell the same,

defendants had damaged plaintiff in the sum of $50,000, and that plaintiff was also entitled to recover $50,000 punitive damages (Pr. Rec. 3-5).

MOTION TO REMOVE.

Defendant petitioned the State Circuit Court to remove the cause to the United States District Court upon the ground that both plaintiff and defendants were nonresidents of the State of Arkansas, and the further ground that the suit was one arising under the patent laws of the United States. The petition was accompanied by the proper bond, and the motion to remove was sustained (Pr. Rec. 6-11).

In the district court, defendants filed motion, asking that the complaint be made more specific. This motion was not passed upon, and is deemed immaterial here (Pr. Rec. 13).

In the district court, plaintiff filed motion and amended motion asking that the cause be remanded to the circuit court, alleging in said motion that both parties to the suit were nonresidents of the State of Arkansas; that therefore the State Circuit Court had jurisdiction, and that the district court had not original jurisdiction, and further that the suit was not one arising under the patent or other laws of the United States (Pr. Rec. 14, 15).

The motion to remand was overruled, a portion of the order of the court thereon being:

"It is therefore ordered by the court that said motion to remand and amendment thereto be, and the same is hereby overruled.

"And thereupon the court, of its own motion, orders that the complaint of the plaintiff herein be, and the same is hereby dismissed for want of jurisdiction, the court holding that the circuit court of Arkansas county, State of Arkansas, from which court this cause was removed, was without jurisdiction."

Plaintiff excepted (Pr. Rec. 16).

The district judge made certificate in the usual form, stating that the motion was overruled, because, in the judgment of the district court, same involved the patent right laws of the United States, and that the United States District Court had exclusive, original jurisdiction, and further stating in said certificate:

"Now, therefore, it is certified that the question of jurisdiction of this court upon the grounds above stated, viz., that plaintiff's cause of action arises under the patent laws of the United States, and that the said circuit court had no jurisdiction, and therefore this court has no jurisdiction, is the only question of law upon the pleadings and process for the decision of the Supreme Court of the United States" (Pr. Rec. 17).

Plaintiff filed petition for writ of error and bond in usual form (Pr. Rec. 18, 19).

SPECIFICATION OF ERRORS.

Plaintiff filed assignment of errors as follows:

"1. The court erred in holding that the plaintiff's cause of action was one arising under the patent right laws of the United States, and for that reason overruling plaintiff's mo-

tion, and amended motion for remanding the cause to the State Circuit Court of Arkansas county, Arkansas.

"2. That the court erred in holding that the circuit court of Arkansas county, Arkansas, from which court the cause was removed, was without jurisdiction, and for that reason, of its own motion, dismissed the cause for want of jurisdiction" (Pr. Rec. 18).

POINTS AND AUTHORITIES.

Plaintiff specified two errors on the part of the district court, but they practically involved the same point, and, as we understand it, the only question to be decided in this cause is whether or not plaintiff's suit is one arising under the patent laws of the United States. If it is, we concede that the State Circuit Court had no original jurisdiction, and that the ruling of the district court was right. If it is not, the State Circuit Court had jurisdiction and the ruling of the district court was error, calling for reversal.

Carleton v. Bird *et al*, 47 Atl. 154, 94 Me. 182.

Excelsior Wooden Pipe Company v. Pacific Bridge Co. *et al*, 185 U. S. 286-95.

Flint *et al* v. Hutchinson Smoke Burner Co., 38 Fed. 546.

Healy *et al* v. Sea Gull Specialty Co., 237 U. S. 479.

Manufacturing Co. v. Vulcanite Co., 13 Blatchf. 375.

Pratt v. Paris Gaslight & Coke Co. 168 U. S. 255.

The Fair v. Kohler Die & Specialty Co., 228 U. S. 22.

U. S. Revised Statute, Section 711.

U. S. Statute 1911, Subdiv. 7, Sec. 24.

Wade v. Lawder, 165 U. S. 625.

ARGUMENT.

As already suggested, the sole question here is the jurisdiction of the district court, and that question depends upon whether or not the case is one arising under the patent laws of the United States. Under judiciary act of 1911, section 24, subdivision 7, Federal courts have jurisdiction "of all suits at law or in equity *arising* under patent-right, copy-right or trade mark laws," and if this suit arises under the patent right laws, then the State Circuit Court had no jurisdiction, and the United States District Court correctly so held. We contend that it is not a suit *arising* under patent laws, but merely a suit in tort for damages based upon slander of title, and the doctrine is well established that such suits may be maintained. Here plaintiff alleged that it had title to certain property by reason of a patent granted by the United States; that defendants were stating publicly and otherwise that plaintiff had no title to the property, but that the defendants had title to the same; and that such statements were false and a slander upon plaintiff's title, and that such slander damaged plaintiff.

Whether the suit is one *arising* under the patent laws of the United States must be determined by the complaint itself. We presume this position will not be controverted. Now, under the complaint, the only issues that could be tried would be whether or not plaintiff had patent to certain property or devices, and this must necessarily be determined by the evidence of witnesses who would testify that plaintiff's patent did cover the property and probably by witnesses who would testify on the part of defendant that the property or device was not covered by such patent; and this is an issue of fact to be deter-

mined, not by the laws governing patents, but by the ordinary rules of evidence. And it is clear to us that the only questions of law which could possibly be involved in the trial of the case would be those governing the introduction of evidence and the measure of damages; and certainly if reference to the patent laws should become necessary in any way in the trial of the case they would be incidental only, and in no phase of the issues, as the same are set forth in the complaint, could it, in our judgment, be correctly held that the suit is one *arising* under the patent laws.

A case very similar in facts and principle is that of Flint *et al.* v. Hutchinson Smoke Burner Company, 38 Fed. 546, in the eastern district of Missouri, the matter being heard before Judge Thayer, then the judge of that court. In that case plaintiffs were the owners of a patent for a certain smoke-preventing device, and the defendant was proprietor of several patents for smoke-consuming devices. The defendant published a notice to the effect that plaintiffs' device was an infringement upon defendant's patent. Plaintiffs alleging that the statement in the notice was false, brought a bill seeking to restrain the further publication of the notice. The only distinction between that case and the case at bar is the remedy pursued by complainants. There an injunction against further slander of title was sought, while here damages for slander are sought. In that case the court said:

"Complainants have been very careful to allege falsity of the publication complained of, knowledge of such fact on the defendant's part, and malice inducing the publication; thus making out a cause of action in the nature of *slander of title*,

over which the State courts have jurisdiction, and this court has no jurisdiction."

The court then construed the case of Manufacturing Company v. Vulcanite Company, 13 Blatchf. 375, and decided that it was held in that case "that injuries done to the trade, profit or business of a manufacturer by the publication of a libel do not fall within the preventive scope of the patent laws."

The court further said:

"Injuries of that character must be redressed by ordinary common-law methods, jurisdiction to afford such redress must be acquired by the Federal courts by virtue of divers citizenship."

It might be well to emphasize here by way of repetition that defendants, at the hearing of the motion to remand, abandoned their contention that the State Circuit Court had no jurisdiction on account of both parties being nonresidents of the State of Arkansas.

The most thorough discussion of the question now under argument which our research has disclosed, is that of Carleton v. Bird *et al.*, 47 Atl. 154, 94 Me. 182. It seems to us that that case has especial weight, not merely on account of the ability and standing of the Supreme Court of Maine, but because it is based upon conclusions drawn from decisions of this court.

In that case Carleton had two patents, one relating to an improved kiln, and the other to calcining stone. He entered into a contract with the defendants to the effect that the defendants should use the apparatus covered by these patents in certain of their lime kilns for a certain royalty or stipulated

license fee specified in the contract. Suit was brought by Carleton for this royalty or stipulated license fee. Defendants in that case set up the defense that during the time for which plaintiff had sued for the license fee, that they did not use the apparatus covered by Carleton's patents; that they used other apparatus and methods during said time, but that the same were not an infringement on Carleton's patents.

The court there stated that it was the contention of the plaintiff, as shown by the evidence, that the apparatus used by the defendants, if not precisely the same as plaintiff's apparatus, were practically the same, and were therefore infringements on Carleton's patents. The court then said:

"Thereupon the defendants say that this question is not one which can be determined in the State court; that this court, by reason of the pleading and the contention of the parties, has been ousted of its jurisdiction of the cause, and that the issue can only be tried in the courts of the United States.

"However, many practical difficulties may arise in the trial of an issue of this kind in a State court, we must consider the question of jurisdiction settled against the contention of the defense by the great weight, and, in fact, almost unbroken line, of authorities, both Federal and State.

"By the United States Revised Statutes (section 711), the courts of the United States are given exclusive jurisdiction, 'fifth, of all *cases* arising under the patent right or copyright laws of the United States.' But this is not a case *arising* under the patent right laws of the United States. It is an action upon a contract. * * * The only question that arises is whether defendants, during the period sued for, have been using the

apparatus and method covered by the letters patent, which they had a right to use under their license, and are consequently liable for the agreed royalty, although incidentally the question of infringement may arise.

"But, it is not sufficient to oust the State court of its jurisdiction of a cause that a question incidentally arises under patent laws; the statute referred to gives the courts of the United States jurisdiction only of '*cases*' arising under such laws. To constitute such a case, the plaintiff must set up some right, title or interest under the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction, of these laws. Citing Starin v. City of New York, 115 U. S. 248; Germania Ins. Co. v. Wisconsin, 119 U. S. 473.

"The United States Supreme Court has frequently held that the Federal courts had no jurisdiction, irrespective of citizenship, of suits to recover a royalty, or for the specific execution of a contract for the use of a patent, or of suits where a subsisting contract is shown governing the rights of the party in the use of an invention, and that such suits not only may, but must, be brought in the State courts. Hartell v. Tilghman, 99 U. S. 547; Wilson v. Sandford, 10 How. 99; Albright v. Teas, 106 U. S. 613; Wade v. Lawder, 165 U. S. 624. In the latter case it is said: 'Where a suit is brought on a contract of which a patent is the subject-matter, either to enforce such contract or to annul it, the case arises on the contract, or out of the contract, and not under the patent laws.'"

The court in that case then cites, and quotes from other cases, including Pratt v. Paris Gas Light & Coke Company, 168

U. S. 255, and cases from the Supreme Courts of Massachusetts, New Hampshire, Connecticut and Vermont, and finally concludes as follows:

"In view of the overwhelming weight of authorities, we must consider the following to be the true principle, as stated by Mr. Justice Clifford in Blanchard v. Sprague, 1 Cliff. 288, Fed. Cas. No. 1516: 'Whenever a contract is made in relation to patent rights, which is not provided for and regulated by an act of Congress, the parties, if any dispute arises, stand upon the same ground as other litigants in respect to the jurisdiction of the court.' "

It is true the Carleton case was a suit for damage for breach of contract, and most of the other cases upon this point are, but we take it that there is no difference in principle in these cases and the case at bar, which is one for damages in tort, instead of contract.

In the case of Pratt *et al.* v. Paris Gas Light & Coke Co., *supra,* plaintiffs' action was in *assumpsit* for an agreed sum due them from defendant on account of defendant's use of certain apparatus for which plaintiffs had patents. The suit was filed in the circuit court, and afterward decided in the State Supreme Court, and by writ of error brought to this court. Defendant pleaded that plaintiffs' patents were void and an infringement upon patents granted to other parties. This, as we understand it, clearly presented an issue as to the validity of patents claimed by plaintiffs and certain other parties, and also involved the question of infringement of one or the other, and therefore the facts are stronger in favor of the contention made by defendants in the case at bar than the facts of this

case; yet this court, in passing upon the question of the jurisdiction of the State court there, said:

"It (defendant) can not, under our decisions, remove the case to the Federal Court as one arising under the Constitution or laws of the United States, since no claim was made by the plaintiffs in their declaration under said Constitution or laws." Citing authorities.

The court further said:

"The action under consideration is not one arising under the patent right laws of the United States in any proper sense of the term. To constitute such a cause, the plaintiff must set up some right, title or interest under the patent laws or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction, of these laws." Starin v. New York, 115 U. S. 248; Germania Insurance Co. v. Wisconsin, 119 U. S. 473.

"The State court had jurisdiction both of the parties and the subject-matter as set forth in the declaration, and it could not be ousted of such jurisdiction by the fact, that, incidentally to one of these defenses, the defendant claimed the invalidity of a certain patent. * * * Section 711 (now section 24, laws 1911) does not deprive the State courts of the power to determine *questions* arising under the patent laws, but only of assuming jurisdiction of '*cases*' arising under those laws. There is a clear distinction between a case and a question arising under the patent laws. The former arises when the plaintiff in his opening pleading—be it a bill, complaint or declaration—sets up a right under the patent laws as ground for a recovery."

The only difference between the fifth subdivision of section 711, U. S. Revised Statutes, and the present provision of law upon the subject as found in seventh subdivision, section 24, Laws of 1911, is that in the latter the term "suits" is used, while in the former the term "cases" is used. As applied to the subject under discussion they seem to be synonymous, and there will be no difference in the construction of the later act and that of the former.

In determining the question as to whether or not the cause of action *arises* under the patent laws or is merely incidental thereto, the Pratt case was cited and followed by this court in the case of Excelsior Wooden Pipe Co. v. Pacific Bridge Co., *et al.*, 185 U. S. 286-95, and in the latter case, the court states:

"We held in Pratt v. Paris, etc ith respect to an action in a State court, which involved the question whether the patents were void and an infringement upon prior patents, that this did not necessarily oust the State court of its jurisdiction."

It seems to us that this settles the question involved absolutely and in favor of plaintiff's contention.

We do not consider that plaintiff's complaint set out any matter involving the validity of a patent or an infringement thereof, but if it should be so found, and that is the most that defendants could claim according to our understanding of their position, yet the State court had jurisdiction, because these questions were only incidental, and no conclusion could be reached because of these incidental questions arising, that the action is a "suit *arising* under the patent laws." There is no claim of any right or privilege under those laws, nor any ques-

tion involved which would require a construction, or even an analysis of the patent laws.

In the case of Wade v. Lawder *et al.*, 165 U. S. 625, this court said:

"The general rule is that 'where a suit is brought on a contract of which a patent is the subject-matter, either to enforce or annul it, the case arises under the contract, or, out of the contract, and not under the patent laws."

In that case, the action was brought to cancel a contract for the sale of a patent, and it was alleged in the replication that the patent was void "for the reason that the said patent so issued has neither novelty of invention nor utility of purpose." This would very much more involve the consideration of the patent laws than the case at bar, yet this court held that the State courts had jurisdiction, and refused a writ of error which the plaintiffs sought upon the ground that the case "involved decisions of a Federal question arising under the laws of the United States."

Defendants, in their petition for removal (Pr. Rec. 6-7-8) set out that the issues would be, upon the trial, whether plaintiff's pump was an infringement upon defendant's patent, etc. Our understanding of the authorities is that this question of jurisdiction must be determined by the complaint, and not by the answer or any defense that has been or might be set up therein.

"The party who brings a suit is master to decide what law he will rely upon, and therefore does determine whether he will bring a 'suit arising under' the patent or other law of the

United States by his declaration or bill. That question can not depend upon the answer, and accordingly jurisdiction can not be conferred by the defense, even when anticipated and replied to in the bill."

The Fair v. Kohler Die & Speciality Co., 228 U. S. 22.

"Jurisdiction generally depends upon the case made and relief demanded by the plaintiff; and as it can not be helped, so it can not be defeated by the replication to an actual or anticipated defense contained in what used to be the charging part of the bill. For the same reason it does not matter whether the validity of the patent is admitted or denied."

Healy *et al.* v. Sea Gull Specialty Co., 237 U. S. 479.

Plaintiff's complaint in this case shows conclusively that it is merely seeking damages for a tort against it for the slander of its title to property, and is asking no rights nor denying any that might belong to defendants by reason of any provisions of the patent laws of the United States; that while some questions incidental to patents or even infringements might arise on the trial of the cause, it is not a suit arising under the patent laws, but a suit arising under the law of torts.

We insist, therefore, that the United States District Court erred in holding that plaintiff's cause of action is a suit arising under the patent-right laws, and that the State Circuit Court had no jurisdiction, and consequently it had no jurisdiction, and that the judgment of the court dismissing the cause for want of jurisdiction should be reversed with directions to

remand the cause to the circuit court of Arkansas county, Arkansas.

Respectfully submitted,

David A Gates

Attorneys for Plaintiff in Error.

Since closing our brief in the foregoing case, the opinion of this court in the case of *Briggs* v. *United Shoe Machinery Company*, decided November 1, 1915, has been published and is before us; and as that case is directly applicable to the case at bar, we beg to call the court's attention to the same.

In that case, complainant sought annulment of a patent for a certain improvement, and also an adjudication that plaintiff was entitled to a patent for the improvement covered by the Eppler patent; and there the court held it was not an action arising under the patent laws of the United States, because the ultimate object was to enforce payment of certain royalties. That case more nearly involves the patent laws than the case at bar where no adjudication is sought relative to any patent, but merely damages for slander of title, derived by patent.

Revised Statutes, Sec. 4915-4918 and Compiled Statutes 1913, Sec. 9460-9463, make provisions for certain suits under the patent laws, but the court held that the complaint in the Briggs case was not within those statutes; and applying the same principle to the case at bar, the conclusion must be reached that this is not a suit arising under the patent laws.

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No. 376. October Term, 1915.

IN THE

SUPREME COURT OF THE UNITED STATES

AMERICAN WELL WORKS,
Plaintiff-in-Error,

vs.

LAYNE & BOWLER COMPANY and MAHLON E. LAYNE,
Defendants-in-Error.

In Error to the District Court of the United States for the Eastern District of Arkansas.

Brief for Defendants-in-Error.

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AMERICAN WELL WORKS,
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vs.

LAYNE & BOWLER COMPANY and MAHLON E. LAYNE,
Defendants-in-Error.

IN ERROR TO THE DISTRICT COURT OF THE UNITED STATES, FOR THE EASTERN DISTRICT OF ARKANSAS.

BRIEF FOR DEFENDANTS-IN-ERROR.

To the Justices of the Supreme Court of the United States:

MAY IT PLEASE THE COURT:

STATEMENT OF THE CASE.

This cause is before this Court solely for determination of a question of jurisdiction, there having been no testimony taken and the record having been brought up by writ of error to the District Court of the United States for the Eastern District of Arkansas.

The plaintiff-in-error, American Well Works, a

corporation of Illinois, and the defendants, Mahlon E. Layne, and Layne & Bowler Company, both of the State of Texas, are each engaged in the business of manufacturing and selling patented deep well centrifugal turbine pumps for use chiefly in irrigation and rice farming districts. In brief, the cause set up in the Complaint is that plaintiff has and owns a patent on its pumps, that is, an exclusive Federal statutory right to make, use and sell the pump covered by the patent; that the defendants have trespassed upon this Statutory right and have thereby injured the business of the plaintiff in the sale of its patented pump in the amount of $100,000 by (1) falsely and maliciously stating that the pump made under the said American Well Works patent is an infringement of defendants' patent, and (2) by threatening to sue the users of such American Well Works pump as infringers; and (3) by actually bringing suit against certain of the users thereof. The action, therefore, is one on the case for damages resulting from the alleged tortious notices of infringement given by the defendants, and is claimed to be in the nature of an action for slander of the plaintiff's title to the patented invention under which the plaintiff manufactures and sells its pump.

The Complaint thus sets up an exclusive Statutory right which it claims has been trespassed upon, and it is elementary that where a right is set up, that right is put in issue and must be established in order to show the trespass. If the claimed right is not valid, that is, does not exist in point of fact, then there can be no injury thereto. Therefore it follows that the validity of plaintiff's patent right is directly put in issue by the Complaint, and the cause is one arising under the patent laws within the meaning of Section 711 R. S., new Section 256 of the Code, which confers exclusive juris-

diction of such causes on the Federal Courts. In addition, as is admitted by the plaintiff in its Brief, page 8, it is essential to the plaintiff's case to construe and apply its patent to the American Well Works pump, and this naturally calls for a construction of the patent laws in general. Furthermore, the issues are so framed in the Complaint as to make it essential to a determination of the cause to construe and apply certain *special* provisions of the patent laws, such for example, as Sections 4900, and 4918, R. S. Obviously different constructions of the provisions of the Patent Law will directly and inversely affect the plaintiff's right of recovery under its statutory grant of patent.

The question of jurisdiction presented for determination here arises as follows. The action was originally brought in the Circuit (State) Court of Arkansas, Arkansas County, and on Petition and Bond of Defendants, it was removed from the State Court to the District Court for the Eastern District of Arkansas, the grounds for the Petition for Removal stating diversity of citizenship and an amount of $100,000 in controversy, and that the suit was in the nature of a civil action at law arising under the Constitution and the laws of the United States, and as especially involving the patent laws of the United States. The plaintiff then brought a Motion to Remand and filed an amendment thereto (Rec. p. 14, 15), the grounds of which were that the District Court was without jurisdiction because of the citizenship of the parties; and that the cause of action did not arise under the patent laws, and that therefore, the Federal Court was without jurisdiction. After argument, the District Court overruled the Motion to Remand and of its own motion, ordered a dismissal of the Complaint for want of jurisdiction on the ground that the "cause of action

arises under the patent right laws of the United States and that the said Circuit (State) Court had no jurisdiction, and that, therefore, this Court has no jurisdiction". If the case is one arising under the patent laws, then as admitted by plaintiff, the District Court was correct in dismissing the Cause.

The certificate setting forth this jurisdictional question is printed on Record, page 17.

The other ground of removal, to wit, the diversity of citizenship of the parties (the plaintiff being a citizen of the State of Illinois, and the defendants citizens of the State of Texas) was not certified as it was not necessary for the District Court to consider the same when that Court became satisfied that the State Court had no jurisdiction because the case arose under the patent laws. This action of the District Court in dismissing the cause left the determination of the contention of diverse citizenship a moot question. There is a definite statement in the brief filed by the plaintiff-in-error that the defendants at the hearing of the Motion to Remand, "abandoned" their contention as to diversity of citizenship, but it is thought this assertion is based upon a misunderstanding, and may arise out of the Court's dismissal of the cause on ground which made it unnecessary to pass upon the question of diversity of citizenship, and the defendants desire in this brief to challenge the correctness of such statement by opposing counsel, although for the purposes of this proceeding, this question is immaterial because it has not been certified.

BRIEF CONSIDERATION OF COMPLAINT AT LAW.

Believing that a brief consideration of the Complaint (Rec. p. 3) will be of convenience to the Court in passing upon the issues involved, attention is called to

the following allegations therein contained, the emphasis being ours.

The Complaint alleges that the American Well Works "*owns*, manufactures and sells a certain well pump" and "*has patent* for said pump and all attachments and component parts thereof". This constitutes a plain allegation that the plaintiff has an exclusive right to the invention secured to it under the patent laws by its patent.

From several allegations of the complaint to be hereinafter considered, it is clear that the defendants have a patent covering their pump. The Complaint alleges that the American Well Works patented pump "is not an infringement and trespass upon the rights, property, *patents*, application for patents of the defendants"; and that the plaintiff's business of manufacturing and selling the American Well Works patented pump and its attachments and parts is "legitimate and lawful in every respect", which is another way of alleging that the American Well Works patented pump is not an infringement of defendant's patent, because it is not necessary to make such allegation except with reference to patent rights of the defendants with which the manufacture of the American Well Works pump might conflict.

The Complaint also alleges that the defendants, while having "full knowledge that plaintiffs pumps, or any attachments thereto or component parts thereof, are *not infringements* in any degree whatever upon said pumps of defendants", nevertheless falsely and maliciously stated that "plaintiff's pump and certain attachments and parts thereof *are infringements* upon defendant's pump and certain attachments and parts thereof, all without probable cause or ground therefor" and "have brought suits against certain parties who are us-

ing plaintiff's pumps". Here again we have a distinct allegation that the defendants have a patent for it is perfectly obvious that without a patent, defendants could not have brought suit for injunction and damages against users of plaintiff's pumps, and it is furthermore perfectly obvious that plaintiff, by its statements that its pumps "are not infringements in any degree whatever upon said pumps of defendants" means that such pumps are "not infringements in any degree whatsoever upon the patent on the pumps of defendants ".

The Complaint alleges that the defendants "are threatening to bring suits against any and all other parties who are using or attempting to use the plaintiff's said pumps, for the purpose of collecting damages from said parties and involving them in litigation, and threatening to restrain them by proceedings in the courts for using said pumps". This also is an allegation equivalent to an averment that the defendants have a patent on their pump.

Again, the Complaint sets forth certain statements alleged to have been made by defendants to the effect that the American Well Works pump is "an infringement of defendants' patent".

Another allegation is that "the defendants or either of them do not own the aforesaid (American Well Works) pump or any of the attachments therefor or component parts thereof, nor the patent for the same". This is a distinct allegation that the defendants do not have a patent covering the American Well Works pump, and is simply another way of stating that the said pump is not an infringement of the defendants' patent, for if the plaintiff's pump infringes the defendants' patent, then the defendants *do* have a patent for the American Well Works pump. Looking at this allegation from another viewpoint, it sets up conflicting *patent* rights

especially when taken with the allegation that it has "a patent" on the American Well Works pump, under which it claims the right to manufacture without interference.

From the foregoing it will be seen that the gravamen of plaintiff's Complaint is set forth as a trespass on its exclusive statutory rights, the trespass consisting in the alleged false and malicious, and therefore tortious, statements that the American Well Works patented pump is an infringement of defendant's patent. Stated in other words, the action is one for damages resulting from a specific tort, to wit, an alleged false and malicious claim of infringement, and the action, therefore, is set forth as one in the nature of slander of the exclusive statutory right of the American Well Works Company to manufacture and sell its patented pump. The logical effect of the suit is to try out the question whether the plaintiff's patented pump is an infringement of defendants' patent. In other words, it is a suit for infringement with the position of the parties reversed, and when it is properly analyzed, it is clearly to be distinguished from the great mass of cases which are primarily relied on by the other side, in which the action arose out of *contract*, any question as to interpretation of the patent or patent laws being incidental, and the main issue being one as to interpretation of the *contract* between the parties which in most of such cases was a license agreement of some kind. All such cases are actions *ex contractu*, and manifestly present very different questions for determination of the Court, and in almost every instance must turn eventually upon interpretation of a written agreement between the parties and involve questions as to patents only in a collateral or secondary way.

In most of such causes of action, the question comes

up as a controversy over failure to pay proper royalties, or a question as to the amount of royalties or the performance of some covenant or stipulation otherwise attached to the license agreement. It is well established no doubt, that whenever an action arises by the terms of the Declaration or Bill of Complaint which plainly makes a contractual instrument the primary basis of the cause, such action can be entertained only in a State Court; but, on the other hand, it is well established that where one operating under a license violates the terms of the agreement, the patentee has an election, if he chooses, to treat the other party as an infringer and to pursue a remedy based upon *charge of infringement* instead of upon the *contract*, and such a case, even where it arises as result of breach of contract, if the Declaration or Bill of Complaint clearly shows that the action is an action directed against the defendant as a tort feasor, that is, an action *ex delicto*, in which the *question of infringement is essential to the determination of the tortious character of the suit*, then the Federal Court under the Statutes plainly has jurisdiction and the State Court has no jurisdiction. (R. S. Section 711, Judicial Code, Sec. 256.) The present case is clearly a case of the same general characteristics as the one last above indicated except that it is stronger by reason of the fact that there is no contractual relation involved between the parties, nor is any such alleged.

ANALYSIS OF DEFENDANTS' POSITION.

Defendants submit that in a number of different respects the cause of action set up in the Complaint arises under the Patent Laws of the United States.

In the first place, the plaintiff sets up a patent right under the patent laws and it has thereby directly put in

issue the validity of its patent. Unless the right is a valid one, the right to relief for trespass therein fails and plaintiff has no standing in Court. To dispose of this question requires the direct decision of the Court upon these rights, with a view to ascertain, in the language of the Statute, whether there has occurred a violation of the right of an inventor as secured to him by the laws of the United States.

Hovey vs. Rubber Tip Co., 57 N. Y. 120, and cases cited, pp. 14, 15 of this Brief.

It is stated by plaintiff in its Brief, page 8, that the plaintiff will be required to prove in making out a case that its patent covers the American Well Works pump, and this calls for a construction of the patent and the determination of its scope, and thus obviously involves a construction and application of the patent laws. In this regard, attention of the Court is directed to the following quotation from page 8, plaintiff's brief:

> "*Here plaintiff alleged that it had title to certain property by reason of a patent granted by the United States; that defendants were stating publicly and otherwise that plaintiff had no title to the property, but that the defendants had title to the same; and that such statements were false and a slander upon plaintiff's title, and that such slander damaged plaintiff.*
>
> Whether the suit is one arising under the patent laws of the United States must be determined by the complaint itself. We presume this position will not be controverted. Now, under the complaint, the only issues that could be tried would be whether or not plaintiff *had patent to certain property or devices*, and this must necessarily be determined by the evidence of witnesses who would testify that plaintiff's patent *did cover* the property and probably by witnesses who would testify on the part of defendant that the property or device was not covered by such patent;" (Italics ours.)

In the second place, the action being one for damages for an alleged slander of the right of the plaintiff to manufacture and sell the American Well Works pump by a false and malicious claim of infringement of a patent, it is an action *ex delicto*, and in order to secure a recovery, *the burden is on the plaintiff to establish affirmatively the following propositions*: first, that the American Well Works pump does not infringe the defendants' patent; and, second, that there is not even a probable cause for assuming that said pump infringes the defendants' patent, and the only way to establish the second proposition is to prove the first proposition beyond any reasonable doubt. These two propositions must be *affirmatively* established by the plaintiff in order to support a verdict and therefore the cause, as actually framed in the Complaint, makes the determination of the question of *infringement* a prerequisite and the essential feature of the case. In other words, the plaintiff must establish non-infringement, not as a matter incidental merely to other issues, but as an essential matter, prerequisite to its right to recovery. As the case is made in the Complaint, this is the sole issue as to malice. It is submitted that a case which makes infringement the turning point and the very essence of the case, is one arising under the patent laws of the United States. The case in this respect is absolutely like a plain, straightforward suit for infringement, with the parties reversed as to position. A suit for infringement is an action sounding in tort, just as is the case at bar: in the one case, the tort is the wrongful appropriation of Federal statutory property, while in the other it is the alleged slanderous injury to the same kind of Federal statutory property. In the one case it is necessary to establish infringement beyond a reasonable doubt; in the other case it is necessary to establish non-infringement beyond a reasonable doubt.

It has been affirmatively established by this Court (*Littlefield vs. Perry* 88 U. S. 205) that an action which involves a patent and raises a question of infringement, arises under the patent laws, and therefore an action which raises a question of non-infringement likewise arises thereunder, for precisely the same problems are presented. The present case, therefore, arises under the provisons of the patent law within the meaning of Section 711, R. S., now Sec. 256, Judicial Code, which reads as follows:

> "Sec. 256. The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several States:
> * * * * * *
> Fifth. Of all cases arising under the patent-right, or copyright laws of the United States."

In the third place the question arises whether the notices complained of were not the simple performance of a plain statutory duty. Section 4900 of the Patent Statutes expressly *imposes the "duty" on all patentees to* "give sufficient notice to the public" of the patent by either marking the patented article "patented and the date", or by special, or, as the Statute says, "due" notice, and the penalty for failing to fulfill this Statutory duty to mark or notify is that the patentee shall not be permitted to recover damages for infringement. Since for the purposes of a removal and for the purpose of considering the question of jurisdiction here, the averments of the Complaint must be considered as correct (See *Farley v. Kittson*, 120 U. S. 303, then the Complaint, on its face, raises the question under Sec. 4900 as to whether or not the defendants were fulfilling the "duty" imposed by this Section of the Statutes when

they made the statements complained of, which are alleged to be slanderous. Stated in other words, the Complaint shows that defendants have a patent and the Complaint alleges that the defendants have stated to prospective purchasers of American Well Works pumps in terms, be it noted, in substantial accord with the Statute, that such pumps are an infringement of the defendants' patent. Whether or not such statements constitute a tort, calls in the very first instance for a construction of this Section of the Statutes. If defendants were proceeding under the Statute, their statements obviously cannot be tortious. The Statute certainly protects patentees in bona fide notices, and determination of the question of bona fides requires here consideration of this Statute as well as the Section previously considered relating to suits for infringement. Here again the burden of proving that the actual statements alleged in the Complaint were not a bona fide compliance with the Statutory requirement, that is, were made without probable cause, is on the plaintiff, and is a prerequisite to any recovery. Section 4900, Rev. Statutes, reads as follows:

> "Sec. 4900. It shall be the *duty* of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to *give sufficient notice* to the public that the same is patented; either by fixing thereon the word 'patented', together with the day and year the patent was granted; or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, *except on proof that the defendant was duly notified* of the infringement, and continued, after such notice, to make, use, or vend the article so patented."

And fourth, the Complaint makes it clear that the plaintiff has a patent covering its, the American Well Works, pump; and that the defendants have a patent on their pump; but avers that the defendants do *not own a patent on the American Well Works pump.* These averments clearly present an issue as to conflicting or interfering patents, and constitute an unmistakable challenge of the scope of defendants' patent, and Section 4918 of the Revised Statutes is specifically directed to exactly such a situation, and indicates not only the forum but the remedy which should be pursued in such a case.

If, as would appear from the allegations of the Complaint just referred to, plaintiff has a patent directed to the same structure or feature of the pump covered by the claim of defendants' patent, then plaintiff should have availed itself of the remedy expressly provided by this Section of the Statutes and not otherwise, and having proceeded wrongly both as to the forum and the remedy, the suit was properly dismissed. Section 4918 reads as follows:

> "Sec. 4918. Whenever there are any interfering patents, any person interested in any one of them, or in the working of the invention claimed under either of them, may have relief against the interfering patentee, and all parties interested under him, by suit in equity against the owners of the interfering patent; and the court, on notice to adverse parties, and other due proceedings had according to the course of equity, may adjudge and declare either of the patents void in whole or in part, or inoperative, or invalid in any particular part of the United States, according to the interest of the parties in the patent or the invention patented. But no such judgment or adjudication shall affect the right of any person except the parties to the suit and those deriving title under them subsequent to the rendition of such judgment."

It is submitted, therefore, that on any one or all of the grounds above set forth, the cause is one arising under the patent laws of the United States, and if it is, then the State Circuit Court had no jurisdiction and the ruling of the District Court was right.

DISCUSSION OF AUTHORITIES.

The case at bar presents a very peculiar state of facts, and apparently neither side has been able to find a decision of this Court on an exactly similar state of facts, and there appear to be but few cases in the books directly in point. Of all the cases cited by the plaintiff in its Brief, only one arose out of a tort of the same character as that herein complained of. The other cases relied on by plaintiff arose *ex contractu*, and, as has been pointed out, they are plainly to be distinguished as turning primarily on construction of some contract, which does not exist here.

The few cases which are directly in point support the defendant's view, although the plaintiff has cited one case, *Flint vs. Hutchinson, infra*, on a similar state of facts which plaintiff-in-error contends supports the plaintiff's viewpoint, but which the defendants here contend is to the opposite effect, if properly analyzed. These cases are:

Hovey vs. Rubber Tip Co., 57 N. Y. 120;
Moyes vs. Sterling Co., 71 Fed. 433;
Cousins vs. Merrill, 16 U. C. C. P. 114;
Celluloid Mfg. Co. vs. Goodyear, 13 Blatch, 382;
Flint vs. Hutchinson, 38 Fed 543;
American Solid Leather Co. vs. Empire Co., 47 Fed. 741.

In support of the ruling in the above cases, see also the following:

Germ Proof Filter Co. vs. Pasteur Co., 81 Hun. 49 (N. Y.)

Pratt vs. Paris Gas Light & Coke Co., 168 U. S. 259;

Brown vs. Shannon, 20 How. 56;

New Marshall Co. vs. Marshall Engine Co., 223 U. S. 473.

Hovey vs. Rubber Tip Co., supra.

That was an appeal case in which the judgment of the lower Court was affirmed. The facts as alleged were that plaintiff had a patent on pencils; that defendant had a patent on pencils; and that defendant, with intent to injure, sent out a circular claiming infringement of defendant's patent by the plaintiff's pencil, threatening suit, and stating that it (the defendant) owned a patent covering plaintiff's pencil, etc.

The lower Court found as conclusion of law:

"1. If defendant, under its letters patent had the exclusive right to manufacture and vend rubber tips for pencils and rubber tip pencils (including therein pencils made in the manner as manufactured by plaintiffs) then it is its right, and a matter of fair play to the public, to give notice of its claim, and a warning, so that penalties may not be incurred by the public for vending without permission of the patentee an article which is patented."

2. To decide whether the defendant has the exclusive right, would call for a decision as to the validity of its patents, as to validity of the plaintiff's patent, as to whether plaintiff's patent is subordinate to defendant's, as to whether it is an infringement, and as to whether the pencils, as manufactured by plaintiffs, infringe on the patents held by the defendant."

"3. The decision of these various questions rests exclusively in the United States Circuit Court."

"4. The case, as presented, is therefore one over which this court has no jurisdiction."

And directed judgment dismissing complaint, which was entered accordingly.

In affirming the Lower Court's finding that the cause arose under the patent laws, Chancellor Johnson held:

"The case before us is founded upon the right of the plaintiffs under the patent law. To that right they allege an injury by the act of the defendant. The defendant admitting the fact attributed to it, justify it under rights which it claims under the same laws. To dispose of the question requires the direct decision of the court upon these rights, with a view to ascertain, in the language of the Statute, whether there has occurred a violation of the right of an inventor as secured to him by the laws of the United States. If the plaintiff s patent is invalid, they have no standing in court founded upon it. If the defendant's patents are valid, it was in giving the notice complained of, in the exercise of its clear civil right to print the truth and circulate it even though it injured the plaintiffs. Of such a suit no case decides or intimates that the State courts have jurisdiction"

* * * * *

"It is obvious, therefore, as the result of what has been said, that the plaintiffs upon the case presented, have no right except upon the footing of its patents and next that as to any right which may exist on that foundation, it directly depends upon questions arising under the patent laws, and is determinable only in the proper court of the United States.

"The judgment should be affirmed.

"All concur.

"Judgment affirmed."

It is submitted that that case is on all fours with the case at bar, not only as to the facts, but as to the legal conclusions deducible therefrom.

Support for the finding in that case is also found in *Germ Proof Filter Co. vs. Pasteur,* 81 Hun. (N. Y.) 49, in which the alleged slander consisted in statements that the plaintiff's patented device infringed the defendant's patent, and that the plaintiff had no patent. The Court held:

> "In actions for slander of title it is necessary for the plaintiff to allege and prove that he owned the property spoken of, and in an action to recover damages for saying that a particular article is not patented, the plaintiff must allege and prove that it was."

In the case at bar, the plaintiff has alleged that it has a statutory right and has thus put it in issue.

Moyes vs. Sterling, supra.

The opinion of Judge Dallas is here given in full as it is very short and contains a statement of the facts:

> "This is a suit in equity, which was originally brought in a Pennsylvania court. It has been removed to this court by the defendants, and the plaintiff now moves for an order remanding it to the state court. There is nothing from which the nature of the suit can be ascertained except the complainant's bill. It alleges that the defendants (one of whom is a corporation, and the other its agent) have asserted to persons intending to purchase the complainant's boilers, that they are an infringement of the patented boilers of the defendant-company, and that they have threatened such persons with legal proceedings. Its prayers are that the making of such assertions in the future may be restrained, and that damages by reason of their having been heretofore made may be awarded.

> Is the case thus presented one which cannot be determined without necessarily, and mainly, and not incidentally merely, deciding a question arising under the patent laws of the United States? In my opinion, this inquiry must be affirmatively answered. The plaintiff avers by his bill that the statements to which he objects are false, and he complains that the defendant company will not bring suit for infringement, 'in order that said statements might be answered and refuted in a court of justice.' This obviously means that, because the defendant company declines to sue upon the patent, the plaintiff himself has been obliged to bring this suit to obtain an adjudication of their respective rights; but it is evident that the essential question is precisely the same as it would have been if the defendant company had been the actor. The substantial controversy, notwithstanding, the reversal of the position of the parties on the record, is as to the infringement of a patent, and therefore the jurisdiction thereof is vested in the courts of the United States, to the exclusion of those of the several states."

While Judge Dallas does not specifically consider the burden which is placed upon the plaintiff in a case such as that at bar, it is perfectly clear that his conclusion that the "substantial controversy, notwithstanding the reversal of the position of the parties on the record, is as to the infringement of a patent, and therefore the jurisdiction thereof is vested in the Courts of the United States," was reached because the burden in such a case in on the plaintiff in making out a case, to prove that there is no infringement and no reasonable ground for even assuming that there was infringement. The fact that in addition, in the *Moyes vs. Sterling Co.* case, there was an allegation that the defendant refused to bring suit, does not alter the soundness nor the application of his reasoning.

Cousins v. Merrill (16 Upper Canada, Common Pleas, 114.)

Facts as alleged in Complaint were that plaintiff had a patent; that defendant had a patent; and that defendant sent out false and malicious notice of infringement (constituting a slander of title) coupled with a statement constituting personal libel, *i. e.*, that there was "fraud" involved.

The Trial Court apparently retained that case because of the count of personal libel, but it is clear that the Court thought the other counts should be specially tried, for on page 118, the following statement of the trial court was referred to: "that it was very em-"barrassing that this action for defamation (personal "libel) should be made the means of indirectly trying "the validity of these respective patent rights, *which* "*ought to have been made the subject of an action* "*brought specially to determine these claims.*"

Again on page 123, the Court made it clear that the trespass is one of the exclusive right of a patentee, as follows:

"Slander of title ordinarily means a statement of "something tending to cut down the extent of title, "which is injurious only if it is false."

Case sent back for a new trial.

Celluloid Mfg. Co. vs. Goodyear, supra.

There were many allegations in the Bill, but those pertinent to this issue were that the Plaintiff had paents; that the defendant had patent; and that defendan issued notices of infringement of defendant's patent by plaintiff's patented article to the injury of plaintiff's rights. One of the prayers of the Bill was that the Federal Court should retain jurisdiction to determine whether the defendant's patent was valid

and whether it was infringed by plaintiff's patented article.

The Court in effect held that the gist of the action was that the Court was asked to decide whether plaintiff's device was an infringement of the patent of someone else and that it was an attempt to compel a patentee to assert his rights and, therefore, dismissed the Bill. But the Court reached this conclusion because of the *form* of the Bill, and distinctly indicated that there was matter therein contained properly the subject of Federal jurisdiction. The Court clearly stated that injuries to the exclusive rights of a patentee as conferred by the grant of a patent is a cause arising under the patent laws, and cites *Hovey vs. Rubber Tip Co., supra,* with approval.

It is submitted that when properly analyzed, this case supports the proposition that when a plaintiff sets up a Federal statutory right as to which it claims an injury, the cause is one arising under the Federal laws.

In the case at bar, the Complaint alleges an injury to a patent right, and whether or not the injury is one to the exclusive rights of a patentee calls for an interpretation of the Statute under which the plaintiff obtained its patent.

Flint vs. Hutchinson, supra.

Considering now the case of *Flint v. Hutchinson,* (mainly relied upon by plaintiff in error), decided by His Honor, Judge Thayer, and reported in 38 Fed. 546, the facts in that case were that plaintiffs had a patent on their smoke consumer, that defendant had a patent on its smoke consumer, and that the defendant maliciously published a false statement that plaintiff's patented device infringed the defendant's patent.

Judge Thayer held that the Federal Court had no

jurisdiction, but an analysis of his opinion fails to disclose whether he considered the fact that the plaintiff had set up a statutory patent right and thereby had put the validity of such right directly in issue, as was held in the case of *Hovey v. Rubber Tip Co.*, heretofore considered, and approved in *Celluloid vs. Goodyear*, 13 Blatch. 375. In fact, examination of the opinion shows that Judge Thayer reached his decision from analysis of the *defenses* that might have been interposed. This will be made clear from a consideration of the following excerpt taken from his opinion, page 547:

> "It *may not* be necessary on the trial of the case to determine whether complainant's smoke-preventing attachment is or is not an infringement of defendant's patent. Defendant may rest its *defense* solely on the ground that it believed it to be an infringement, and that it acted in good faith in the assertion of a supposed legal right. *In no aspect of the case can the question of infringement be regarded as the sole, or even the cardinal issue. It is a question that may arise incidentally, if defendant justifies the publication of the notice on the ground that the statements contained therein are true.*" (Emphasis ours.)

In view of the foregoing analysis, Judge Thayer held that the question of infringement was not the sole nor even the principal issue of that case, and viewed from the standpoint of the *defenses* that might be interposed, his reasoning appears to be sound, but apparently he also overlooked the fact that in making a case, the burden was on the *plaintiff* to establish that plaintiff's device did not infringe defendant's patent, and that there was no reasonable basis for even assuming it. Viewing the case from the plaintiff's side, therefore, the question of infringement was not only material but of the very essence of the case, and Judge

Thayer's error arose from placing the burden on the defense.

It is perfectly clear from his opinion that he was satisfied that if determination of the question of infringement was essential to the case, it was a case arising under the patent laws, and his *reasoning*, therefore, absolutely supports the defendant's position here, and the explanation of the fact that he reached an adverse conclusion is to be found in his erroneous premise that the question of infringement was not essential, and his apparent failure to consider the fact that the Complaint had put the validity of the patent in issue.

American Solid Leather Button Co. vs. Empire Co., supra.

That case, while not strictly analogous to the case at bar as to the facts involved, is nevertheless absolutely in point in so far as the application of the rule of law announced therein is concerned. In that case, an equitable assignee of a patent right under an agreement not recorded, brought suit in a State Court for the execution of an assignment from one who held a subsequent assignment which, however, had been recorded. The defendant obtained a removal of the cause to the Circuit Court upon a petition averring that the defendant "was an assignee for a valuable consideration and without notice, and invoking for his protection. Section 4898 of the Revised Satutes, the complainant's agreement not having been recorded."

The Court held on Motion to Remand:

> "that Section 4898 was designed for the protection of bona fide purchasers and that the question of the construction, application and enforcement of this Statute in favor of bona fide purchasers as against prior equitable assignments, was a Federal question and the motion was denied."

The Court was evidently led to its conclusion by reason of the fact that whether or not there was a written assignment duly recorded under the provisions of the Statute, was such an essential question in the case as to bring it under this Sec. of the patent Statute. In an even stronger sense, the questions involved in the case at bar call for a construction, application, and enforcement of various provisions of the Patent Statute.

The rule of law deducible from the decisions just discussed would appear to be that an action for redress of an injury to a patent right set up in the Complaint, is a cause properly one for Federal jurisdiction, and this proposition finds support in the cases of *Pratt v. Paris Gas Light & Coke Co., Brown vs. Shannon,* and *New Marshall Co. vs. Marshall Engine Co., supra,* decided by this Court.

Pratt vs. Paris Gas Light & Coke Co., supra.

In that case, which arose out of a contract, this Court held that to constitute a cause arising under the patent laws "the plaintiff must set up some right, "title, or interest under the patent laws, or at least "make it appear that some right or privilege will be "defeated by one construction, or sustained by the op-"posite construction of these laws."

Brown vs. Shannon, supra.

In that case Chief Justice Taney held:

> "Upon looking, however, carefully into the Bill, we think it must be regarded and treated as a proceeding to enforce the specific execution of the contracts referred to, *and not as one to protect the complainants in the exclusive enjoyment of a patent right.*" (Emphasis ours.)

New Marshall Co. vs. Marshall Engine Co., supra.

In that case, this Court followed the ruling in *Brown vs. Shannon,* and Mr. Justice Lamar quoted with approval the above excerpt therefrom.

The case at bar is certainly one involving the *protection* of an exclusive right set up in the Complaint as arising from the grant of a patent. As plaintiff contends in its Brief, page 8, the trespass is an alleged slander of title to plaintiff's patent, and this certainly constitutes an injury to the exclusive rights of the plaintiff under the patent.

The attention of the Court is also directed to the following cases, as supporting the general proposition that the cause is one arising under the patent laws:

Osborn vs. Bank, 9 Wheat. 737, 824;
Starin vs. New York, 115 U. S. 248, and cases therein cited;
also Pratt v. Paris Light & Coke Co., 168 U. S. 255, above discussed.

Osborn vs. Bank, supra.

In that case it was held, "The character of a case "is determined by the questions involved."

Starin vs. New York, supra.

The Court there held:

"*If from the questions involved*, it appears that "some title right, privilege or immunity on which the "*right of recovery* depends, will be defeated by one "construction of the Constitution or a law of the United "States, or sustained by an opposite construction, the "case will be one arising under the Constitution or laws "of the United States."

Again it has been well settled that *an action* which raises a question of infringement is a case arising under the Federal Laws.

Littlefield vs. Perry, 21 Wall. 205;
White vs. Rankin, 144 U. S. 466;
Excelsior v. Pacific, 185 U. S. 282;
Rapp vs. Elliott, 131 Fed. 732 (J. Lamar);
Atherton v. Atwood, 102 Fed. 949.

In *Littlefield vs. Perry*, this Court held: "An action "which raises a question of infringement is an action "arising 'under the patent law' * * *. If the pa- "tent is involved it carries with it the whole case."

In concluding the discussion of authorities, it is submitted that the general rule may be fairly deduced from all of the cases cited; that if an examination of the questions involved shows that the validity or scope of a patent or its infringement or non-infringement is essential and not incidental merely to some other issues, such for example, as a contract, the case is one for Federal jurisdiction. It is believed that the case at bar raises essential questions not only of the validity and scope of the plaintiff's patent, but also of its infringement of defendants' patent, as well as of the special provisions of the Patent Statute relating to the duty of giving notice and to interfering patent rights.

In this connection, it is to be observed that the effect of the argument of plaintiff, if it be carried to its logical conclusion, is that the only case involving patent rights which can possibly arise under the Patent Law, is a suit for the infringement of a patent. Such a contention is absolutely untenable.

EFFECT OF DECISION IN THIS CAUSE.

The effect of a decision holding that the Federal Courts do not have jurisdiction of cases similar to that at bar would make it possible in a multitude of instances for an infringer to escape a trial in a Federal

Court, by bringing an ostensible suit for slander such as this, for it is almost the universal practice among those operating under patents to notify prospective infringers, in just the same manner as is herein complained of. An infringer could thereby forestall and possibly nullify the effect of a legitimate suit for infringement in a Federal Court by proceeding the moment he heard of the giving of such notice.

In conclusion, it is further to be noted that the logical effect of such a holding would be to nullify Section 4918 of the Revised Statutes in which not only the forum but also the remedy to be pursued in cases where there is a conflict between two patents such as here presented is definitely prescribed, and also to nullify Section 711 in so far as it applied to Sec. 4918. This follows from the fact that in cases of conflicting patents, such a holding would give an election of remedies, namely a suit for slander in a State Court, or a suit in a Federal Court under Section 4918. There can be no such election under the patent act, the forum and the remedy both being expressly provided.

On the other hand, a holding that this cause is a proper one for Federal jurisdiction, would not in the slightest respect conflict with the long line of decisions to the effect that where the cause of action sounds in contract and patent questions are only incidental, the State Court has jurisdiction.

Respectfully submitted,

Paul Synnestvedt

Cooke K. Burns

J. M. Moore

AMERICAN WELL WORKS COMPANY *v.* LAYNE AND BOWLER COMPANY.

ERROR TO THE DISTRICT COURT OF THE UNITED STATES FOR THE EASTERN DISTRICT OF ARKANSAS.

No. 376. Argued May 5, 1916.—Decided May 22, 1916.

A suit for damages to business caused by a threat to sue under the patent law is not in itself a suit under the patent law, of which the state court cannot take jurisdiction.

Whether a wrong is committed by one making statements to effect that an article sold by another infringes the former's patent depends upon the law of the State where the act is done and not upon the patent law of the United States; and, in this case *held* that the state court had jurisdiction of a suit for libel or slander based on such statements.

THE facts, which involve the jurisdiction of the District Court, are stated in the opinion.

Mr. David A. Gates, for plaintiff in error, submitted.

Mr. Paul Synnestvedt, with whom *Mr. J. M. Moore* and *Mr. Coke K. Burns* were on the brief, for defendants in error.

MR. JUSTICE HOLMES delivered the opinion of the court.

This is a suit begun in a state court, removed to the United States Court, and then, on motion to remand by the plaintiff, dismissed by the latter court, on the ground that the cause of action arose under the patent laws of the United States, that the state court had no jurisdiction, and that therefore the one to which it was removed had none. There is a proper certificate and the case comes here direct from the District Court.

Of course the question depends upon the plaintiff's declaration. *The Fair* v. *Kohler Die Co.*, 228 U. S. 22, 25. That may be summed up in a few words. The plaintiff alleges that it owns, manufactures and sells a certain pump, has or has applied for a patent for it, and that the pump is known as the best in the market. It then alleges that the defendants have falsely and maliciously libeled and slandered the plaintiff's title to the pump by stating that the pump and certain parts thereof are infringements upon the defendant's pump and certain parts thereof and that without probable cause they have brought suits against some parties who are using the plaintiff's pump and that they are threatening suits against all who use it. The allegation of the defendants' libel or slander is repeated in slightly varying form but it all comes to statements to various people that the plaintiff was infringing the defendants' patent and that the defendant

would sue both seller and buyer if the plaintiff's pump was used. Actual damage to the plaintiff in its business is alleged to the extent of $50,000 and punitive damages to the same amount are asked.

It is evident that the claim for damages is based upon conduct, or, more specifically, language, tending to persuade the public to withdraw its custom from the plaintiff and having that effect to its damage. Such conduct having such effect is equally actionable whether it produces the result by persuasion, by threats or by falsehood, *Moran* v. *Dunphy*, 177 Massachusetts, 485, 487, and it is enough to allege and prove the conduct and effect, leaving the defendant to justify if he can. If the conduct complained of is persuasion, it may be justified by the fact that the defendant is a competitor, or by good faith and reasonable grounds. If it is a statement of fact, it may be justified, absolutely or with qualifications, by proof that the statement is true. But all such justifications are defences and raise issues that are no part of the plaintiff's case. In the present instance it is part of the plaintiff's case that it had a business to be damaged; whether built up by patents or without them does not matter. It is no part of it to prove anything concerning the defendants' patent or that the plaintiff did not infringe the same—still less to prove anything concerning any patent of its own. The material statement complained of is that the plaintiff infringes—which may be true notwithstanding the plaintiff's patent. That is merely a piece of evidence. Furthermore, the damage alleged presumably is rather the consequence of the threat to sue than of the statement that the plaintiff's pump infringed the defendants' rights.

A suit for damages to business caused by a threat to sue under the patent law is not itself a suit under the patent law. And the same is true when the damage is caused by a statement of fact—that the defendant has a

patent which is infringed. What makes the defendants' act a wrong is its manifest tendency to injure the plaintiff's business and the wrong is the same whatever the means by which it is accomplished. But whether it is a wrong or not depends upon the law of the State where the act is done, not upon the patent law, and therefore the suit arises under the law of the State. A suit arises under the law that creates the cause of action. The fact that the justification may involve the validity and infringement of a patent is no more material to the question under what law the suit is brought than it would be in an action of contract. If the State adopted for civil proceedings the saying of the old criminal law: the greater the truth the greater the libel, the validity of the patent would not come in question at all. In Massachusetts the truth would not be a defence if the statement was made from disinterested malevolence. Rev. Laws, c. 173, § 91. The State is master of the whole matter, and if it saw fit to do away with actions of this type altogether, no one, we imagine, would suppose that they still could be maintained under the patent laws of the United States.

Judgment reversed.

MR. JUSTICE MCKENNA dissents, being of the opinion that the case involves a direct and substantial controversy under the patent laws.